

1 power radio stations, and 3.26 percent of television
2 stations.

3 Six media companies own the four broadcast
4 television networks, cable channels, radio stations,
5 and music and movie studios. The FCC should widen
6 media ownership and not grant waivers to basic FCC
7 rules when electronic media or combined electronic and
8 print media companies are sold.

9 Also, when the FCC fails to enforce local
10 content and local ownership rules, and local news and
11 feature programs get cut from budget -- for budget
12 reasons, then the FCC plays a major role in harming
13 local communities, including contributing to the
14 subprime home ownership problems in the United States
15 today.

16 Thus, the FCC media ownership rules have a
17 major and direct financial impact on U.S. taxpayers in
18 having to pay for a lack of local day to day community
19 media sounding board institutions in local
20 communities. Local ownership means local content, and
21 community sounding board media cooperation, and
22 competition for market niches at the same time.

23 There is overlapping competition for
24 broadcast, cable, Internet, newsprint, peg channels,
25 non-profit community media, and other local coverage

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1 of local news, including weather, public safety and
2 health bulletins, local sports, community, and
3 community service events, classified ads, learning
4 opportunities, cultural and heritage events,
5 government services, real estate transactions, public
6 debates, and community assemblies of many kinds.

7 Together these media, in a local market,
8 become community sounding boards that provide basic
9 health, safety, and community engagement information
10 day in and day out. Thus, the FCC needs to enforce
11 the law and measure its impact on the economy and
12 cultural vitality of local areas, local families,
13 local small businesses, and local public agencies.

14 This can be done by requiring all media
15 ownership transfer applications involving public
16 airwaves to demonstrate the financial healthy
17 cooperative community sounding board networks in each
18 community served. Also, I believe that local
19 community sounding boards are needed for an effective
20 FCC digital TV transition consumer campaign.

21 One way to demonstrate the practical need
22 and effectiveness of community sounding board networks
23 is to partner with pilot networks in the period from
24 now until 2009 to implement the FCC digital TV
25 transition consumer education program.

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1 A number of parties in Chicago and Illinois
2 would be pleased to meet with FCC staff, its consumer
3 advisory committee, and others to help design and
4 secure funding for a community outreach program on
5 digital transition.

6 This work can lead to the development of
7 criteria for expanding media ownership and community
8 stewardship, and reducing the burdens of government
9 created by the lack of local content and local media
10 through local sounding boards, media networks of non-
11 profit, public, and business enterprises.

12 I urge the FCC to take a moral stand for
13 the good of media consumers everywhere and promote
14 diversity and localism. Please do not allow more
15 deregulation and thus less diversity in our media
16 market place. Thank you.

17 (Applause.)

18 CHAIRMAN MARTIN: Thank you, Representative
19 Howard.

20 We also want to welcome Susan Satter, the
21 senior attorney -- general -- in the General Public
22 Utilities Division on behalf of the Attorney General,
23 Lisa Madigan.

24 MS. SATTER: Thank you.

25 (Applause.)

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1 MS. SATTER: Good afternoon, Chairman
2 Martin and Commissioners, and people here today.

3 My name is Susan Satter. I'm an Assistant
4 Attorney General in the office of Illinois' Attorney
5 General, Lisa Madigan. On behalf of Attorney General
6 Madigan we welcome you to Illinois.

7 Census data shows that of all the states,
8 Illinois is the most representative of the country,
9 that our state mirrors the national average in terms
10 of population, education, income, racial and ethnic
11 diversity, and whether we live in urban or rural
12 communities. We're proud of this distinction, and I
13 think it gives special weight to comments that you'll
14 hear today.

15 We're here to discuss a subject of vital
16 interest. The last 10 years have seen a striking
17 consolidation of television, radio, newspaper, and
18 other media in this country. We know this by simply
19 looking at the diminishing number of media companies,
20 and at the rising number of stations owned by a
21 smaller and smaller group.

22 So how has the consolidation of media
23 ownership affected our communities, our businesses,
24 and our access to the information necessary to be
25 informed citizens? Have the goals of localism,

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1 diversity, and competition been furthered or thwarted
2 in these last 10 years?

3 We know that there has been considerable
4 consolidation of radio ownership here in Chicago. And
5 in particular we have seen significant consolidation
6 of radio stations that have historically served the
7 Black community. This is especially important --

8 (Applause.)

9 MS. SATTER: This is especially important
10 because radio is the most widespread and easily
11 accessible medium. It has been, and continues to be,
12 more accessible than print, more accessible than
13 television, and more accessible than the Internet.

14 And the Black community in Chicago has a
15 history of ground-breaking, cutting-edge radio
16 programming, including talk shows that actively
17 involve the community and local politics, and
18 community events. In the wake of the significant
19 consolidation of Chicago radio stations that serve the
20 black community, we believe the FCC must listen
21 carefully to the testimony this evening, and take a
22 close look at the real impacts of consolidation.

23 First I'd like to mention local public
24 affairs programming. Local public affairs programs
25 are a critical way for a community to discuss issues

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1 of concern to them. Today, after consolidation, have
2 local public affairs programs been protected and
3 encouraged? Or are they being moved out of prime time
4 spots, or cut altogether?

5 And when they are cut, can they find
6 another home, or did the public affairs programs and
7 hosts find that the same people who cut them at one
8 station keep them out of the other stations?

9 We also need to look closely at advertising
10 policies. Increasing in advertising rates due to
11 media consolidation have a disproportionate and often
12 a huge effect on small local businesses, which often
13 target their limited advertising dollars to particular
14 communities.

15 So we must ask, has consolidation resulted
16 in higher advertising rates, putting exposure on the
17 airwaves beyond the reach of local businesses and
18 effectively cutting these businesses off from their
19 communities?

20 Are small local businesses facing higher
21 rates for advertising on a block of stations, or
22 facing rates designed for national advertising? What
23 happens to the small local business that used to have
24 a local media presence?

25 The current situation in Chicago, and in

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1 particular in regard to radio stations that serve the
2 black communities in the station -- in the city,
3 demonstrate these are not idle or abstract concerns.

4 There is also a real concern here in
5 Chicago that media consolidation has greatly limited
6 the flow of information about local events, and
7 particularly events targeted to the many distinct
8 communities within the city.

9 Do local groups still have access to the
10 radio to get exposure for their events? If one
11 station chooses not to announce a community event, is
12 there another station serving the same community to
13 make the announcement? Can the various communities
14 that make up this city always find a viable outlet for
15 their news and their notices?

16 Ultimately, media consolidation is not just
17 about numbers. How many stations can be owned by any
18 one company? It is about how people live in
19 communities and express themselves through art, music,
20 community events, and free and open public affairs
21 discussion.

22 Preserving local access for as many people
23 and communities as possible is good for everyone. It
24 is --

25 (Applause.)

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1 MS. SATTER: It is good for private
2 citizens, but it is vital for public officials,
3 because then public officials can best respond to the
4 interest and concerns of people when people have a
5 voice.

6 You will agree that when media
7 consolidation limits communities' and small
8 businesses' abilities to fully and freely express
9 themselves, and present varied points of view, we know
10 that media consolidation has gone too far.

11 (Applause.)

12 MS. SATTER: We trust that by coming out of
13 Washington and hearing about the effects of 10 years
14 of media consolidation, you, the Commission, will take
15 significant action that is necessary to promote
16 democracy, to preserve diversity and localism, and to
17 make sure that voices from every community can truly
18 have access to the media.

19 Thank you very much.

20 (Applause.)

21 CHAIRMAN MARTIN: Thank you, Ms. Satter.

22 And at this point, all the Commissioners I
23 think want to have an opportunity to provide some
24 opening remarks. And then we'll move on to the
25 panelists.

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1 I want to take the opportunity to thank you
2 all for joining us today. We began a comprehensive
3 review of our rules governing media ownership in the
4 summer of 2006. And this hearing is the fifth of a
5 series of six media ownership hearings that the
6 Commission tends to hold throughout the country.

7 The goal of these hearings is to more fully
8 and directly involve the American people in the
9 process. And as I have said many times before, public
10 input is critical to our process, and will inform our
11 thinking of these results. And I appreciate then,
12 therefore, all of you all taking the time to be with
13 us this afternoon.

14 The decisions that we're going to make
15 about media ownership rules will be as difficult as
16 they are critical. The media touches almost every
17 aspect of our lives. We are dependent upon it for our
18 news, our information, and our entertainment.

19 Indeed, the opportunity to express diverse
20 view points lies at the heart of our democracy. A
21 robust market place of ideas is by necessity one that
22 reflects the diverse perspectives and diverse view
23 points.

24 Now our media ownership rules are intended
25 to foster three core goals: competition, diversity,

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1 and localism. Many who have commented in this
2 proceeding, including at hearings such as this one,
3 expressed significant concern about increased
4 consolidation, and the preservation of diversity in
5 the media. And I anticipate this afternoon -- this
6 evening's hearing, we'll hear many more thoughts like
7 that for tonight.

8 Now also critical to our review of the
9 media ownership rules is exploring and understanding
10 the competitive realities of today's media market
11 place. Many of you here are likely familiar with the
12 changes that are taking place, even here in your local
13 paper, *The Chicago Tribune*.

14 And you might also note that some of our
15 rules have not been updated for years, and may no
16 longer reflect the current market place. Indeed, the
17 3rd Circuit recognized this, and several people
18 referenced the 3rd Circuit case, when it actually
19 upheld the Commission's elimination of the newspaper-
20 broadcast cross-ownership rule.

21 It's our task to respond to that court by
22 ensuring that our ownership rules take into account
23 both the competitive environment in which media
24 companies operate today, as well as ensuring we
25 continue to promote localism and diversity.

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1 And with that I would like to return for a
2 moment to those issues of diversity in the media. In
3 order to ensure that American people have the benefit
4 of a competitive and diverse media market place, we
5 need to create opportunities for different new and
6 independent voices to be heard.

7 The Commission needs to be committed to
8 expanding opportunities for entry into media ownership
9 and media programming, as well as other communication
10 services. Indeed, at our previous ownership hearings,
11 many people have argued that the impact of media
12 consolidation that has already occurred has had
13 several negative impacts.

14 First, they've argued that the
15 consolidation has limited the number of channels
16 available to minorities and new entrants. And second,
17 they have argued that it has made it more difficult
18 for independent programmers to get access and get on
19 the air. And third, they've argued that it has made
20 it easier for large media companies at times to
21 advertise products by integrating them into the
22 programs without notice.

23 And regardless of what the Commission does
24 or doesn't do on media ownership, I think these are
25 important issues that the Commission can, and should,

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1 take steps to try to address.

2 Now first, the limited number of channels
3 available in the broadcast, television, and radio
4 spectrum bands, and the high start up costs of trying
5 to build a broadcast station, are significant barriers
6 to entry to anyone who wants to try to enter and
7 become a broadcaster.

8 It can be very difficult for anyone, but
9 especially a new voice or a new entrant, to find an
10 available channel, gather enough capital to build a
11 new broadcasting station. I believe the Commission
12 can, and should, help small and independently owned
13 businesses overcome these obstacles by allowing them
14 to lease some of existing television stations'
15 broadcast spectrum and distribute their own
16 programming that way.

17 As we've heard, all television broadcasters
18 are required to begin broadcasting digital in 2009.
19 This conversion to digital enables broadcasters to
20 fit a single channel of programming into a smaller
21 amount of spectrum.

22 Often there's additional spectrum left over
23 that could be used to air additional channels. Small
24 and independently owned businesses should be able to
25 take advantage of these extra channels and its unused

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1 capacity and operate some of their own broadcast
2 channels.

3 These new stations will be able to operate
4 their own programs, and obtain all the accompanying
5 rights and obligations of other broadcast stations
6 such as public interest obligations and carriage
7 rights on cable and satellite systems. And moreover,
8 we have very similar policies to this in low power FM
9 and leased access on cable systems today.

10 Indeed, before I came here today, I was on
11 a tour or WVON with Melody Spann Cooper who --

12 (Applause.)

13 CHAIRMAN MARTIN: -- who I have to say
14 didn't tell me about the shortcut to get here, so
15 that's why I was late. So I should follow her --
16 should have followed her more directly.

17 But she was talking about they've gone from
18 1000 watt to a 10,000 watt radio station, and they've
19 been able to do it by arranging a unique leasing
20 arrangement with another company. We're going to hear
21 more about that today. So that's allowed them to get
22 additional access to capital to be investing in
23 those -- the network -- their broadcast station, to be
24 able to get their message out.

25 These other kinds of real world examples of

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1 similar type of leasing arrangements provide us an
2 opportunity to establish a similar system in broadcast
3 television today.

4 Now there's also one example of that going
5 on in television today. Post/Newsweek has begun to
6 lease out to Latino alternative TV programming for one
7 of its multi-cast channels in Miami, Orlando, Houston,
8 and San Antonio.

9 And I -- the Commission is currently
10 considering whether we should be adopting this idea of
11 allowing small and independently owned programmers to
12 lease out capacity on broadcast stations for qualified
13 designated entities, and I encourage all the
14 Commissioners to take a look at that. And I think
15 that will provide an important opportunity for us to
16 try to provide an avenue for people to have new and
17 independent voices in the markets.

18 Now in that same rule making, the
19 Commission is also seeking comment on several other
20 proposals that are critical for new entrants, and
21 specifically targeted for qualified designated
22 entities to be able to get into broadcasting. For
23 example, by allowing them to purchase expired
24 construction permits and being allotted additional
25 time to go in and build a broadcast facility where

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1 someone else has a construction permit and they
2 haven't built out as they were supposed to.

3 And in addition -- and I was talking about
4 with Martin King before, just before the hearing, the
5 Commission has been, and will continue, to recommend
6 that Congress re-establish the minority tax
7 certificate program to allow for people to have tax
8 benefits if they're investing in broadcast facilities.

9 And second, many argue that in today's
10 media environment it is oftentimes difficult for
11 independent and niche networks to get carried by cable
12 and satellite providers. For example, the company,
13 the Black Family Channel recently announced it was
14 giving up on becoming a regular cable channel and
15 becoming an online only channel, and it would no
16 longer be shown on TV.

17 And Rick Newberger, their Chief Executive
18 Officer, was quoted in one newspaper as saying, Today
19 if you want to start a new cable network, it's about
20 as easy as it is to schedule a ride to the moon. Now
21 I believe the Commission needs to take several steps
22 to make it easier for independent programmers in this
23 regard as well.

24 For example, just last week the Commission
25 asked whether we needed to limited the ability of

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1 large media companies to tie or bundle their
2 programming. I think that offering cable and
3 satellite channels on a more individualized basis, and
4 in smaller bundles and themed tiers could help benefit
5 minority consumers and minority and independent
6 programmers.

7 Either the Commission needs to -- I also
8 think the Commission needs to re-examine our cable
9 leased access rules to better encourage independent
10 programmers. Eliminating time, giving consumers more
11 choice will be an important step toward leveling the
12 playing field for independent programming voices,
13 those not affiliated with the largest broadcast, cable
14 and satellite distributors, and competing channels
15 that are owned by cable/satellite.

16 Under the current system, many cable and
17 satellite owned networks are bundled into the
18 offerings, not necessarily because viewers are
19 demanding them, because the distribution has a
20 financial interest -- the distributor has a financial
21 interest in maximizing their distribution.

22 Under a system in which the viewers do the
23 choosing, those channels that do not benefit from a
24 corporate parent will still be able to attract viewers
25 and have an opportunity to get on the system on an

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1 equal footing.

2 But you don't have to take my word for it.

3 Several other people talked -- commented about some
4 of *The Free Press's* recent arguments on things the
5 Commission should end up doing. The United States
6 Congress consumers -- in a recent letter to the United
7 States Congress, the Consumers Union, the Consumer
8 Federation of America, *Free Press*, Communication
9 Workers of America said, and I quote, "Cable companies
10 act as gate keepers over the programming that is
11 allowed into the expanded basic package preventing
12 independent content producers from reaching viewers.
13 By allowing consumers to vote with their wallets
14 rather than forcing them to buy channels they never
15 watch, the market place will respond by providing more
16 diverse and higher quality programming that consumers
17 will demand."

18 And finally I want to highlight one other
19 media issue that is increasingly effecting consumers.

20 At our very first media ownership hearing in Los
21 Angeles, several witnesses raised concerns about the
22 issues of product integration.

23 In today's technology, TiVos and DVRs allow
24 many people to actually skip over commercials. And as
25 a result, networks may be turning to more subtle and

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1 sophisticated means of advertising, by incorporating
2 commercial messages into traditional programming.

3 As these techniques have become more
4 increasingly prevalent, there's a growing concern that
5 our sponsorship identification rules fall short in
6 their ultimate goal to ensure that the public is able
7 to identify both the commercial nature and the
8 programming, and when they're being advertised to.

9 And I believe it's important for consumers
10 to know when someone is trying to sell something, and
11 that it is appropriate for the Commission to re-
12 examine these rules.

13 And so accordingly I've recent circulated a
14 notice of proposed rule making to my colleagues asking
15 whether we should re-examine the sponsorship
16 identification rules. This is an issue that's been
17 raised several times by my colleagues. Commissioner
18 Adelstein has been particularly adamant about this
19 issue.

20 And this notice asked whether it is
21 necessary for us to go back and amend our sponsorship
22 identification rules, and ensure there is adequate
23 disclosure to the public, and I hope that the
24 Commission moves forward on this issue as well.

25 So I think that it's important as we begin

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1 to talk about today, as we have at every other media
2 ownership hearing, the impact that the potential
3 consolidation has had. We look at all the tools the
4 Commission has to try to address some of these
5 problems.

6 And I know that the -- that you'll hear
7 from all the Commissioners on their concerns about
8 many of these issues. And I think that it's most
9 important that we hear from you. But I do think it's
10 important that the Commission begin trying to enact
11 some of the reforms that can begin to address some of
12 these issues that have been raised. Thank you all
13 very much.

14 And Commissioner Copps will now address
15 you.

16 (Applause.)

17 COMMISSIONER COPPS: Good afternoon. Let
18 me begin by thanking my friends at Rainbow Push,
19 Chairman King, Kimberly Marcus, most specifically
20 Reverend Jackson, for inviting the FCC to hold its
21 media ownership hearing in Chicago, here at this
22 wonderful venue.

23 I understand Reverend Jackson is flying in
24 from Louisiana and hopefully will be with us a little
25 bit later. The only thing that could keep him away I

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1 think is doing what he always does, which is work so
2 tirelessly for equality and justice for everyone in
3 this great country.

4 (Applause.)

5 COMMISSIONER COPPS: It's an honor and a
6 pleasure to be here. And many thanks also to Senators
7 Durbin and Obama for welcoming us, and for their
8 forthright leadership on the issues we're discussing.

9 I can't think of any better place to
10 discuss media than Chicago, a city so vibrant and rich
11 in its diversity, and in its music, and in its
12 communities. If anyone can tell us what is going
13 right and what's going wrong in our media today, I'll
14 bet it's the citizens that call this good city home.

15 I want to emphasize what's at stake here,
16 because our media is really precious. It's how,
17 outside of our strictly personal spheres, we speak to
18 each other, inform each other, learn from each other,
19 entertain each other, increasingly even how we govern
20 ourselves. Almost half a century ago the writer,
21 Arthur Miller, said that, A good newspaper I suppose
22 is a nation talking to itself. And today that idea
23 applies across our entire media system.

24 I also believe that media is the most
25 enterprise in the land, bar none. And if we're smart

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1 about it, our media will reflect the genius, and the
2 creativity, and the diversity of our country. If
3 we're smart about it, we'll take whatever action we
4 must to ensure that the public airwaves truly reflect
5 and truly enhance the talents and aspirations of us
6 all.

7 And here I want to emphasize those two
8 words public airwaves. The airwaves belong to you and
9 me.

10 (Applause.)

11 COMMISSIONER COPPS: No business, no
12 business, no corporation, no special interest owns an
13 airwave in the United States of America. They're
14 yours and you allow broadcasters to use these airwaves
15 for free in return for offering programs that serve
16 you and your communities. We're here today to find
17 out from you whether they're serving your interest,
18 and if not, what you think the FCC ought to do about
19 it.

20 To me, serving the public interest means
21 the public interest of everyone in this great land.
22 You know, some folks still see America's diversity as
23 a problem to be overcome. They don't understand that
24 America's diversity is an opportunity to be harnessed.
25 It's our strength, it's who we are, it's who we can

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1 become.

2 And this city contains a rich and vibrant
3 multitude of races, and religions, and traditions, and
4 stories, and I want to find out today if you think the
5 public airwaves here in Chicago are being used to
6 reflect those races, and religions, and traditions,
7 and stories, or whether they only distort and
8 caricaturize them.

9 What I've heard in so many places around
10 the country is that a lot of people don't believe that
11 we're anywhere near taking advantage of our great
12 diversity when it comes to the media. Why? Start by
13 looking at who owns the media in the first place.

14 As several speakers have said, in the last
15 months, *Free Press* has completed two research studies
16 on minority and women ownership in the media that are
17 convincing and compelling. And I won't go through
18 those statistics again because they've already been
19 cited, but something is wrong when you live in a
20 country that's 33 percent people of color, and people
21 of color own 3.26 percent of full power TV stations.

22 (Applause.)

23 COMMISSIONER COPPS: Some folks say maybe
24 Chicago is different, but only three of the 13 full
25 power commercial TV stations in Chicago are even

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1 locally owned and operated, one is owned by an
2 African-American, and none are owned by women.

3 Four or five percent of all commercial
4 radio stations have minority owners, one of which is
5 female owned. How about more stations for people like
6 Melody?

7 (Applause.)

8 COMMISSIONER COPPS: Democracy would sing
9 to that melody, wouldn't it?

10 So is it any wonder, given the figures I've
11 just cited, why the depictions of minorities in our
12 media are so often distorted, why their issues get
13 such scant coverage, why their contributions to the
14 good things happening in America are so seldom even
15 mentioned. So let's be frank --

16 (Applause.)

17 COMMISSIONER COPPS: -- ownership matters
18 more than that, ownership rules. And unless and until
19 we do something to increase minority ownership and
20 minorities in top broadcast jobs, our communication
21 sectors will continue to underserve the great promise
22 of America.

23 Now I'm willing to look at new proposals.
24 We're talking about leasing. I'm a huge supporter of
25 low power radio. We've got to do better there, but

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1 our objective --

2 (Applause.)

3 COMMISSIONER COPPS: -- but there's what
4 our objective has to be. I am talking about first
5 class, front of the bus, full power ownership of full
6 power stations.

7 (Applause.)

8 COMMISSIONER COPPS: And that's not just
9 Mike Copps saying we'd be better off to get serious
10 about minority ownership. When the court sent
11 Chairman Powell's misguided ownership rules back to us
12 in 2004, it took the Commission severely to task for
13 ignoring these issues. We can't make that same
14 mistake again.

15 Last month we finally saw a comment on
16 dozens of serious proposals by our own Diversity
17 Committee and others, we should not, we must not act
18 on media ownership until we address and act upon these
19 vital issues. To do anything short of that would be
20 wanton disregard for every minority group in the land.

21 I believe there are many broadcasters who
22 want to serve the public interest. And some are doing
23 good jobs, and I recognize and I applaud them. But
24 I'm worried that in this era of huge consolidated
25 media with few broadcasting giants owning more and

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1 more outlets, it's harder for these folks to be
2 captains of their own fate, because more and more
3 they're captives to the unforgiving expectations of
4 Wall Street and Madison Avenue, and in the process,
5 local coverage has diminished, the news has been
6 dumbed down, and diverse local and regional cultures
7 have been subsumed to homogenize and nationalize
8 programming fare.

9 (Applause.)

10 COMMISSIONER COPPS: Too often it doesn't
11 reflect who we really are, and it doesn't give us the
12 information and the understanding we need to sustain
13 our civic dialogue and our democracy. The bargain
14 that America made with commercial broadcasters, that
15 they could use the airwaves and make a good living
16 from that use, but in return they would be stewards of
17 the public interest, that bargain has gotten wildly
18 out of whack in too many places.

19 (Applause.)

20 COMMISSIONER COPPS: And I'm here to find
21 out if one of those places is Chicago.

22 You know, the FCC used to hold broadcasters
23 to their end of this bargain. We made them come in
24 every three years to get their licenses renewed. And
25 we had a list of guidelines, 12 or 14 in number, that

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